

**REPORT OF THE AUDIT OF THE  
TODD COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2003**



**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE TODD COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2003**

The Auditor of Public Accounts has completed the Todd County Fiscal Court audit for fiscal year ended June 30, 2003. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Cash balances increased by \$109,082 from the beginning of the year, resulting in a cash surplus of \$557,076 as of June 30, 2003.

#### **Debt Obligations:**

The county's capital lease principal agreement totaled \$74,000 as of June 30, 2003. Future principal and interest payments of \$89,421 are needed to meet this obligation.

#### **Report Comments:**

- The Fiscal Court Should Adopt An Administrative Code
- The County Jailer's Bond Is Insufficient
- The Fiscal Court Should Follow Proper Purchasing Procedures

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



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**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Kent Knight, Todd County Judge/Executive  
Members of the Todd County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Todd County, Kentucky, as of June 30, 2003, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Todd County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Todd County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising primarily from cash transactions as of June 30, 2003 of Todd County, Kentucky, and the receipts and disbursements for the year then ended, in conformity with the modified cash basis of accounting.



To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
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In accordance with Government Auditing Standards, we have also issued our report dated August 26, 2003 on our consideration of Todd County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Todd County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comments and recommendations, included herein, which discusses the following report comments:

- The Fiscal Court Should Adopt An Administrative Code
- The County Jailer's Bond Is Insufficient
- The Fiscal Court Should Follow Proper Purchasing Procedures

Respectfully submitted,



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 26, 2003



TODD COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2003

**Fiscal Court Members:**

Kent Knight	County Judge/Executive
Roy Addison, Jr.	Magistrate
Billy Bryant	Magistrate
Wade Chester	Magistrate
Brent Spurlin	Magistrate
James Turner, Jr.	Magistrate

**Other Elected Officials:**

Harold M. Johns	County Attorney
Boone Stokes	Jailer
Billy Fowler	County Clerk
J. Mark Cowherd	Circuit Court Clerk
Keith Wells	Sheriff
Perry Stokes	Property Valuation Administrator
Jimmy Shemwell	Coroner

**Appointed Personnel:**

Tammy Robertson	County Treasurer
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STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS



TODD COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2003

	<u>Governmental Fund Types</u>		<u>Totals</u> <u>(Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<u>Assets and Other Resources</u>			
<u>Assets</u>			
Cash	\$ 543,566	\$ 22,169	\$ 565,735
Total Assets	\$ 543,566	\$ 22,169	\$ 565,735
<u>Other Resources</u>			
Amounts to Be Provided In Future Years for:			
Capital Lease	\$ 74,000	\$	\$ 74,000
Total Other Resources	\$ 74,000	\$ 0	\$ 74,000
Total Assets and Other Resources	<u>\$ 617,566</u>	<u>\$ 22,169</u>	<u>\$ 639,735</u>

The accompanying notes are an integral part of the financial statements.

TODD COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS  
June 30, 2003  
(Continued)

	<u>Governmental Fund Types</u>		<u>(Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<u>Liabilities and Equity</u>			
<u>Liabilities</u>			
Capital Lease	\$ 74,000	\$	\$ 74,000
Payroll Liabilities	8,658		8,658
Health Insurance Liability	<u>1</u>	<u></u>	<u>1</u>
Total Liabilities	<u>\$ 82,659</u>	<u>\$ 0</u>	<u>\$ 82,659</u>
<u>Equity</u>			
Fund Balances:			
Unreserved	<u>\$ 534,907</u>	<u>\$ 22,169</u>	<u>\$ 557,076</u>
Total Equity	<u>\$ 534,907</u>	<u>\$ 22,169</u>	<u>\$ 557,076</u>
Total Liabilities and Equity	<u><u>\$ 617,566</u></u>	<u><u>\$ 22,169</u></u>	<u><u>\$ 639,735</u></u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

TODD COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2003

	General Fund Types			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,374,099	\$ 867,569	\$ 1,019,335	\$ 129,796
Other Financing Sources:				
Transfers In	608,872	83,202		388,837
Total Cash Receipts	<u>\$ 2,982,971</u>	<u>\$ 950,771</u>	<u>\$ 1,019,335</u>	<u>\$ 518,633</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,255,549	\$ 484,340	\$ 702,700	\$ 510,633
Timberland Tax Disbursements	1,468			
Other Financing Uses:				
Transfers Out	608,872	522,170	78,702	
Borrowed Money Repaid	8,000			8,000
Total Cash Disbursements	<u>\$ 2,873,889</u>	<u>\$ 1,006,510</u>	<u>\$ 781,402</u>	<u>\$ 518,633</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 109,082	\$ (55,739)	\$ 237,933	\$ 0
Cash Balance - July 1, 2002	<u>447,994</u>	<u>59,619</u>	<u>286,609</u>	
Cash Balance - June 30, 2003	<u>\$ 557,076</u>	<u>\$ 3,880</u>	<u>\$ 524,542</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.



TODD COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
For The Fiscal Year Ended June 30, 2003  
(Continued)

General Fund Types				Special Revenue Fund Type
Local Government Economic Assistance Fund	Ambulance Fund	Solid Waste Fund	Timberland Tax Fund	Dispatch Fund
\$ 6,484	\$ 152,591	\$ 45,994	\$ 1,356	\$ 150,974
	66,688	70,145		
\$ 6,484	\$ 219,279	\$ 116,139	\$ 1,356	\$ 150,974
\$ 8,083	\$ 226,934	\$ 116,139	\$ 1,468	\$ 206,720
8,000				
\$ 16,083	\$ 226,934	\$ 116,139	\$ 1,468	\$ 206,720
\$ (9,599)	\$ (7,655)	\$ 0	\$ (112)	\$ (55,746)
10,147	10,659		3,045	77,915
\$ 548	\$ 3,004	\$ 0	\$ 2,933	\$ 22,169

The accompanying notes are an integral part of the financial statements.

TODD COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2003

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Todd County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

Additional - Todd County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Todd County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Todd County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Todd County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, Ambulance Fund, Solid Waste Fund, and Timberland Tax Fund.

TODD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Todd County Special Revenue Fund Type includes the following county fund: Dispatch Fund.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Long-term receivables, long-term obligations and amounts to be provided in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore the value of the county's fixed assets is not included in the financial statements. These fixed assets include buildings, equipment and land that are owned by the county.

D. Legal Compliance - Budget

The Todd County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash

Cash includes amounts in bank accounts.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

TODD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the Todd County Water District is considered a related organization of Todd County Fiscal Court.

G. Jointly Governed Organization

A legal entity or other organization that results from a contractual agreement and that is governed by two or more participants as a separate activity subject to joint control, in which the participants retain no (a) ongoing financial interest or (b) ongoing financial responsibility is a jointly governed organization. The Todd County Fiscal Court, in conjunction with the City of Elkton, has created the Elkton-Todd County Airport Board. The Elkton-Todd County Airport Board is composed of six member appointed by the county and the city. Each government appoints three members.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2003, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

TODD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 4. Capital Lease

The county entered into a capital lease with the Kentucky Association of Counties Leasing Trust for construction on the Todd County Jail. The lease agreement requires monthly interest payments and a semi-annual principal payment on January 20 of each year through 2011.

The county refinanced this capital lease agreement on May 7, 2001, at a lower interest rate of 4.596%. The total principal balance of the lease agreement was \$74,000 as of June 30, 2003. Remaining capital lease requirements are:

Fiscal Year Ended June 30	Interest	Principal
2004	\$ 3,414	\$ 8,000
2005	3,028	8,000
2006	2,621	9,000
2007	2,186	9,000
2008	1,751	9,000
2009-2011	2,421	31,000
Totals	<u>\$ 15,421</u>	<u>\$ 74,000</u>

Note 5. Insurance

For the fiscal year ended June 30, 2003, Todd County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE





TODD COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Types</u>			
General Fund	\$ 970,586	\$ 868,925	\$ (101,661)
Road and Bridge Fund	1,004,480	1,019,335	14,855
Jail Fund	160,620	129,796	(30,824)
Local Government Economic Assistance Fund	5,797	6,484	687
Ambulance Fund	168,000	152,591	(15,409)
Solid Waste Fund	47,000	45,994	(1,006)
<u>Special Revenue Fund Type</u>			
Dispatch Fund	<u>147,000</u>	<u>150,974</u>	<u>3,974</u>
Totals	<u>\$ 2,503,483</u>	<u>\$ 2,374,099</u>	<u>\$ (129,384)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 2,503,483
Add: Budgeted Prior Year Surplus			97,647
Less: Other Financing Uses			<u>(8,000)</u>
Total Operating Budget Per Comparative Schedule of Final Budget and Budgeted Expenditures			<u>\$ 2,593,130</u>

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SCHEDULE OF OPERATING REVENUE



TODD COUNTY  
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

Revenue Categories	<u>GOVERNMENTAL FUND TYPES</u>		
	Totals (Memorandum Only)	General Fund Types	Special Revenue Fund Type
Taxes	\$ 688,897	\$ 602,864	\$ 86,033
In Lieu Tax Payments	123,548	123,548	
Excess Fees	607	607	
Licenses and Permits	495	495	
Intergovernmental Revenue:	1,302,705	1,259,364	43,341
Charges for Services	208,186	186,586	21,600
Miscellaneous Revenues	26,333	26,333	
Interest Earned	23,328	23,328	
Total Operating Revenue	<u>\$ 2,374,099</u>	<u>\$ 2,223,125</u>	<u>\$ 150,974</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES





TODD COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2003

Expenditure Categories	GENERAL FUND TYPES		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 400,043	\$ 396,024	\$ 4,019
Protection to Persons and Property	679,871	672,159	7,712
General Health and Sanitation	140,161	129,762	10,399
Social Services	1,500	1,500	
Roads	893,311	618,431	274,880
Debt Service	3,801	3,801	
Administration	267,223	227,152	40,071
Total Operating Budget - General Fund Types	\$ 2,385,910	\$ 2,048,829	\$ 337,081
Other Financing Uses:			
Capital Lease Agreement-			
Principal on Lease	8,000	8,000	
TOTAL BUDGET - GENERAL FUND TYPES	<u>\$ 2,393,910</u>	<u>\$ 2,056,829</u>	<u>\$ 337,081</u>

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
Protection to Persons and Property	\$ 194,913	\$ 194,758	\$ 155
Administration	12,307	11,962	345
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 207,220</u>	<u>\$ 206,720</u>	<u>\$ 500</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Kent Knight, Todd County Judge/Executive  
Members of the Todd County Fiscal Court

**Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Todd County, Kentucky, as of and for the year ended June 30, 2003, and have issued our report thereon dated August 26, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Todd County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations.

- The Fiscal Court Should Adopt An Administrative Code
- The County Jailer's Bond Is Insufficient
- The Fiscal Court Should Follow Proper Purchasing Procedures

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Todd County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 26, 2003

## COMMENTS AND RECOMMENDATIONS





TODD COUNTY  
COMMENTS AND RECOMMENDATIONS

For The Fiscal Year Ended June 30, 2003

NONCOMPLIANCES

1) The Fiscal Court Should Adopt An Administrative Code

The fiscal court has not adopted an administrative code as required by KRS 68.005. KRS 68.005 states: The fiscal court shall adopt an administrative code, which includes, but is not limited to, procedures and designation of responsibility for:

- (a) General administration of the office of the county judge/executive, county administrative agencies, and public authorities.
- (b) Administration of county fiscal affairs, including budget formulation, receipt and disbursement of county funds, and preparation of records required for the county audits, and filing of claims against the county.
- (c) Personnel administration, including description and classification of non-elected positions, selection, assignment, supervision, and discipline of employees, employee complaints and the county's affirmative action program.
- (d) County purchasing and award of contracts;
- (e) Delivery of county services.

We recommend that the fiscal court comply with this statute.

*County Judge/Executive Kent Knight's Response:*

*We are in the process of writing Administrative Code to be presented to Fiscal Court.*

2) The County Jailer's Bond Is Insufficient

KRS 71.010 requires the jailer to have a minimum bond of \$10,000. The Jailer's bond was set at \$5,000. We recommend the fiscal court increase the jailer's bond to \$10,000.

*County Judge/Executive Kent Knight's Response:*

*Marklin Insurance has been contracted - requested to raise bond to \$10,000 starting current Fiscal Year.*

3) The Fiscal Court Should Follow Proper Purchasing Procedures

Road materials were purchased from a company that did not submit a bid to the fiscal court; therefore, proper purchasing procedures were not followed. We recommend that the fiscal court purchase road materials from the company that was awarded the bid.

*County Judge/Executive Kent Knight's Response:*

*Will use proper bidding procedures.*

PRIOR YEAR FINDINGS

2002-1 The Fiscal Court Shall Adopt An Administrative Code

2002-2 The County Jailer's Bond Is Insufficient

*These findings were not corrected and are discussed above.*

CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

TODD COUNTY FISCAL COURT

For The Fiscal Year Ended  
June 30, 2003

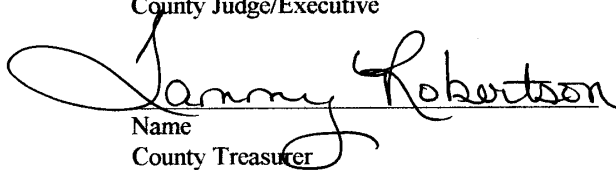
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
TODD COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2003

The Todd County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

A handwritten signature in cursive script, appearing to read "Kent Wright", written over a horizontal line.

Name  
County Judge/Executive

A handwritten signature in cursive script, appearing to read "Jimmy Robertson", written over a horizontal line.

Name  
County Treasurer